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THESIS

THE MANAGEMENT INFORMATION NEEDS OF THE ACTIVITY LEVEL COMPTROLLER WITHIN THE MARINE CORPS

by

Floyd Calvin Lewis

March 1983

Thesis Advisors: Solange Perret
Joseph Mullane

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T207986

Unclassified

SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)

REPORT DOCUMENTATION PAGE

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1. REPORT NUMBER	2. GOVT ACCESSION NO. / 3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle): The Management Information Needs of the Activity Level Comptroller Within the Marine Corps	5. TYPE OF REPORT & PERIOD COVERED: Master's Thesis; March 1983
	6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s): Floyd Calvin Lewis	8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS: Naval Postgraduate School, Monterey, California 93940	10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS: Naval Postgraduate School, Monterey, California 93940	12. REPORT DATE: March 1983 / 13. NUMBER OF PAGES: 61
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)	15. SECURITY CLASS. (of this report) / 15a. DECLASSIFICATION/DOWNGRADING SCHEDULE

16. DISTRIBUTION STATEMENT (of this Report)

Approved for public release, distribution unlimited.

17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)

18. SUPPLEMENTARY NOTES

19. KEY WORDS (Continue on reverse side if necessary and identify by block number)

Financial Management
Comptroller
PRIME
MAGFARS
SABRS
USMC
Management Information

20. ABSTRACT (Continue on reverse side if necessary and identify by block number)

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that most comptrollers use essentially the same information, and that priorities of mission, and other constraints determine their tasks and information needs. The two accounting systems PRIME and MAGFARS supplied essential data but it required manual extraction and manipulation that SABRS will eliminate.

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The Management Information Needs of the Activity Level Comptroller Within the Marine Corps

by

Floyd Calvin Lewis
Major, United States Marine Corps
B.S., Florida State University, 1971

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL
March 1983

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I. DESCRIPTION OF RESEARCH

A. OBJECTIVES AND SCOPE

The objective of this thesis is to answer the question: what is the information needed by the activity comptroller to make local financial management decisions?

The scope of this thesis will be limited to the Operations and Maintenance, Marine Corps (O&MMC), fund accounts. The O&MMC account was chosen because first, it represents one of the larger single appropriations, if not the largest account that is managed by the local comptroller. Second, it is difficult to manage. Due to the increasing pace of operations and the mission of the Marine Corps (to be always ready to respond to crisis situations around the world) the O&MMC funds must be managed with the utmost flexibility in order to respond to contingencies and maintain efficiency. "We have always been frugal managers of resources and that must continue."*

Informational requirements for fiduciary reporting are taken as a necessity and will not be addressed in this thesis.

The management function of the comptroller will be examined as it pertains to the staff function that he or she fills.

The management of the comptroller's department is not the focus here.

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*Brigadier General ETNYRE, Deputy Fiscal Director of the Marine Corps, address to Practical Comptrollership Course, Naval Postgraduate School, 10 December 1982.

B. STEPS

The first step is to establish the formal role of the local comptroller. This role could be as broad as resource manager or as narrow as budget officer for the local commander. As resource manager the comptroller would be responsible for budgeting, accounting, disbursing, program evaluation and internal review. As budget officer he could only be responsible for budget preparation and execution.

The second step is to describe the organizational context in which the comptroller works. The management hierarchy in the Marine Corps can be described as a three tier system. These separate tiers along with the mission of the activity frame the context in which the comptroller works.

The third step is to describe the two major accounting systems which are currently providing the financial information to the comptrollers. The first is called PRIME (Priority Management Effort) [Ref. 1] and is used by non-operational units. The second is called MAGFARS (Marine Air Ground Financial Accounting and Reporting System). MAGFARS was designed for the Fleet Marine Force commanders, and to fill fiduciary and legal requirements imposed on them. However, it is not certain what management information is provided by these systems for use at the activity level.

The fourth step uses survey data in order to describe the role of the comptroller as seen by themselves, and to determine the information used and needed by the comptrollers.

The fifth step is to describe the Standard Accounting, Budgeting and Reporting System (SABRS), and to compare the information needs identified in the fourth step with the objectives of SABRS. This new automated, database financial management system is being developed to replace both

PRIME and MAGFARS. If SABRS has not made provisions for providing this information for local comptrollers, these requirements must be made known in order to be included in SABRS.

C. METHODS

The main document used to establish the formal role of the activity level comptroller is the Navy Comptroller (NAVCOMPT) Manual. The role of the activity comptrollers as perceived by themselves, and their information needs were established from the answers to a survey questionnaire, and is described below. (The questionnaire is reproduced in Appendix A.)

This questionnaire was constructed to encourage narrative type responses. The questions were by design broad and open ended in order to get respondents to discuss types and classifications of information rather than specific data elements. Each question was presented on one page, with ample room for written responses. Respondents could add as many additional sheets as needed.

The questionnaire asked six questions. Each question is briefly described below.

Question 1. This question asked respondents to rank order reports in order of importance. Room was provided to explain what was particularly useful about the report ranked as most important, or what was the problem with the report ranked least important. The expectation was to find that no single report would be ranked by all respondents as most important.

Question 2. Assuming that the reports mentioned in question one would not provide sufficient data to make management decisions, this question was designed to identify how comptrollers obtained the additional necessary data. It was anticipated that the answers would cover two areas, the information needed and the format of presentation.

Question 3. This question asked if the comptrollers saw a need for additional reports, regardless of whether they had locally prepared reports or not. This question addressed the type of information that comptrollers would like to have available to them.

Question 4. This question asked if the comptrollers did any type of analysis. This question avoided the use of the term 'report', which implies formality and a requirement. This question focused on the information used by the comptrollers themselves for management purposes, as opposed to the information contained in a formal report.

Question 5. This question listed ten topical areas and the comptrollers were asked to identify 1) those areas of special management interest, 2) those areas in which analysis was conducted , and 3) those areas in which increased analysis capability was desired. The purpose of this question was to force the respondents to think of some of the other management areas that had not yet been mentioned. This would also provide information to see if similar bases or stations have similar management interest, or confirm that each location's management interest is unique.

Question 6. This question asked the comptrollers to describe in their own words how they saw their role as comptrollers. By design this was an open ended question. It was expected that the perception of the comptrollers would have a direct effect on the management information they used. For instance a comptroller who saw himself as a budget officer, the most important information would be obligation rate and unobligated balance. For a comptroller who saw himself as a financial advisor, the informational requirement would be expected to be varied and more general as far as programs and alternatives were concerned.

The last page of the questionnaire was provided for comments or suggestions.

A comparison will be made to see if the role perceived by comptrollers is consistent with the NAVCOMPT Manual and current literature. If the prescribed and the perceived role is not consistent, the result would be confusion and frustration to the comptrollers and those to whom the comptroller reports.

The management information needs of comptrollers will be derived from examination of the tasks identified from the survey responses. The information output of the accounting systems will be examined to see if it matches the information requirements. Also, the projected output of SABRS will be compared to see if it will satisfy these information requirements.

Finally a summary and conclusion will be given to capsulize the significant information. Areas for further research will be identified.

II. ENVIRONMENT OF THE COMPTROLLER

A. INTRODUCTION

This chapter first examines the formal role of the comptroller as described in the NAVCOMPT Manual Vol. 1. (The role of comptrollers as perceived by the comptrollers themselves will be discussed in Chapter III.) Then it describes the structural context in which the activity comptrollers operate, i.e., the organizational structure of the Marine Corps, and the major accounting systems which provide the financial information used by the comptrollers.

B. ROLE OF THE COMPTROLLER AND ORGANIZATION OF THE COMPTROLLER'S DEPARTMENT

The NAVCOMPT manual describes the concept of comptrollership as follows:

> "1. emphasizing the constructive aspect of the reporting, analysis, and interpretative functions as distinct from the purely recording functions;
> 2. improving budget formulation and execution through the collection and utilization of accounting and program data at all organizational levels;
> 3. coordinating and integrating the several comptroller functions to provide concisely to the commanding officer the basic data essential for efficient, economical and effective management;" [Ref. 2]

The NAVCOMPT Manual identifies six major areas of responsibility for the activity level comptroller: integrated system for financial management, budgeting, accounting and disbursing, program analysis, progress reports and statistics, and internal review. The organization structure within the activity level comptroller department usually follows closely these areas of responsibility, and shows the following divisions: budget, accounting and disbursing, reports and statistics, ADP and sometimes internal review. Each is briefly described below. However, there are

differences between comptroller departments, as each is tailored to meet local needs. In smaller activities certain functions are merged or are not handled at the local level. For instance, in some activities the official accounting records are maintained at a higher echelon of command, and only memorandum records are kept at the local level. (This generates an additional requirement whereby the memorandum records must be reconciled to the official accounting records.) [Ref. 3]

1. The Budget Division

It provides instructions, the Budget Guidance Bulletin, for preparing the activity budget.

It reviews and revises the budget estimates submitted by other departments and makes recommendations to the Commanding Officer for approval or disapproval. It prepares an operating budget that reflects all approved programs, plans and schedules.

It controls fund authorizations to the activity and makes recommendations as to revisions, modifications, or reprogramming as appropriate.

It reviews program performance against the funding plan and analyzes significant variances, recommending action where appropriate.

2. Accounting and Disbursing

One of the largest and most important responsibilities of the accounting/disbursing division is timekeeping for civilian and military payroll. Other responsibilities are: recording of obligations and expenditures against allotments, preparing accounting reports for local management and submission to higher authority, cost accounting, and maintaining plant property account records and inventory.

Sections that are usually maintained within accounting/disbursing divisions are timekeeping, payroll, cost and reports, inventory accounting, military pay records, public voucher, fiscal and savings bond section.

Based on current trends, accounting is increasingly provided by a Consolidated Fiscal Accounting Office (CFAO), thus leaving only disbursing at the activity level.

3. Progress and Reports

This division is responsible for preparing and issuing all reports. It is the central coordination point for all financial information released from the activity. It also issues progress reports to management for all major programs administered by the activity.

4. Data Processing

Depending on local requirements, the data processing function may be established or not as a separate division. This division processes data in order to produce payrolls, checks, labor, and material expenditure summaries. It also summarizes data for reports required by local management and higher authority.

5. Internal Review

Although NAVCOMPT states that a separate staff for internal review is not necessary at the activity level, many activities do have this function located within the comptroller department. Given the emphasis placed on the elimination of waste, fraud, and abuse by the current administration, internal review at most activities is receiving considerable attention.

C. ORGANIZATIONAL STRUCTURE OF THE MARINE CORPS

There are fifteen operational units, twelve posts and stations, six air bases, six district recruiting headquarters, two logistics bases, and two recruiting bases that compose the Marine Corps. The fifteen operational units are thirteen active and two reserve Fleet Marine Force (FMF) units. The thirteen active FMF units are located throughout the world. The headquarters for the Atlantic FMF units is at Norfolk, VA. (FMFLANT). The headquarters for all of the Pacific FMF units plus the west coast units is in Honolulu, HI. (FMFPAC). The two reserve FMF units have headquarters in New Orleans, LA. [Ref. 4]

The twelve posts and stations provide support for the operational or FMF units such as living quarters, training areas, supply, and maintenance support. Four of these posts or stations are outside of the continental United States (CONUS), with one post and one air station in Japan, and one post and one air station in Hawaii. All four report to FMFPAC.

Of the six air bases three are on the east coast and three on the west coast. The intermediate command is Commander Marine Corps Air Bases East or West, (COMCABEAST, COMCABWEST).

The six district recruiting headquarters, two recruit bases, two reserve commands, two bases in CONUS and two logistics bases report directly to Headquarters Marine Corps.

The financial management chain of command follows the same general line of authority. Headquarters Marine Corps does not use the title of comptroller but that of Fiscal Director. The Fiscal Director is a civilian and his deputy is a Brigadier General. They head the fiscal division of Headquarters Marine Corps (FD). The Fiscal Director

reports to the Commandant of the Marine Corps (CMC) and to the Comptroller of the Navy (NAVCOMPT).

The financial manager of the six districts, two logistics bases, education and training bases, two recruit depots, two reserve commands, and the other CONUS bases report directly to the Fiscal Director. The financial managers of the operational units and the CONUS air bases report to the comptrollers of their respective headquarters (FMFPAC, FMFLANT, COMCABEAST, and COMCABWEST). The comptrollers at these intermediate headquarters report to Headquarters Marine Corps code, FD.

D. PRIME

Priority Management Effort (PRIME) is the name given to the project used by the Department of Defense (DoD) to implement the Resource Management System (RMS) for operations. [Ref. 1] It was begun in July 1967 by Dr. Robert N. Anthony, the Assistant Secretary of Defense (Comptroller). The main objectives of project PRIME was: 1) the integration of programming, budgeting, and management accounting -- meaning that the information used in these three systems would be entirely consistent; and 2) the development of more meaningful information on the consumption of operation resources (as opposed to investment resources). [Ref. 5] The primary focus was on expenses, the long range goal being to charge 100% of the measurable expenses to the units incurring the expenses. PRIME was developed as a disciplined and mechanized way, to directly identify accountable cost separate from allocated cost.

From its inception, PRIME was designed to tie budgeting directly to the programming and planning. In order to do this each program was subdivided into smaller units called program elements. Within each

program element subdivisions were made in a systematic way to track expenses to the operating unit consuming the resources. The subdivisions are quite extensive; they consist of activity group/subactivity group, functional category/subfunctional category, and cost account code. Each cost account code includes the actual expense element or the object of the expense (military labor, civilian labor, or purchase fuel). These divisions and subdivisions are coded with alphanumeric characters that are used to make up the 14 digit job order number (JON). The JON was the cost accumulation scheme devised to track the expenses of each organization, to arrive at a reliable cost of operations. [Ref. 6]

At each echelon of command the divisions are subtotaled or totaled and categories or groups are consolidated. This roll up is continued until the budget is consolidated in the program format used by planners for the Secretary of Defense in PPBS. However, when the budget is submitted as part of the President's budget to Congress it must first be recast in line item format to comply with the requirements of Congress.

PRIME was designed by the top management of DoD to blend into the planning process and to provide substantive answers to Congress when testifying in support of the budget. [Ref. 7] This information was in a program format in order to enhance PPBS mandated by the President. At this level many categories, functions, and elements are consolidated in order to manage DoD. The activities at the bottom end of this system provide the source data on which the system relies. This was clearly a "top down" designed system. There was some effort to provide for the management needs of the activity comptrollers but these were not the primary focus of the design. As a result, there are some problems with this system from the activity perspective. [Ref. 8]

An example is the continuing requirements to maintain expense data on military pay, within the PRIME accounting system, while military pay is a separate appropriation. [Ref. 9]

The manual describing PRIME identifies the following advantage.

> "...that the manager's flexibility in deciding what resources to use will be increased. He will be given tools which enable him to think about the best balance between military personnel, civilian personnel, and contract personnel or the optimum degree of mechanization, in wide varieties of situation. For a wide variety of reasons, managers today have little incentive for investigating such alternatives." [Ref. 5: p. 16]

Information from many of the surveys indicate that many of the constraints which were in effect prior to PRIME remain in effect today, and the flexibility to make resource allocation decisions has not been increased.

PRIME is the accounting system for use by all activities except the operating units. This Headquarters approved system is referred to as Class I. (The Class I label indicates that Headquarters Marine Corps maintains the computer program and provides detailed instruction to the users. Systems maintained at the local level is referred to as Class III.)

Because the objectives of PRIME is to track operating expenses this accounting system is only used in the O&M appropriation. As the operating units were exempt from implementing PRIME, they developed a separate system for their own use.

E. MAGFARS

Since the operating forces were exempt from implementing PRIME, the FMF commanders were authorized to develop a system to fill their needs.*

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*Mullane, J. F., LTCOL, USMC, personal interview, 18 November 1982.

The purposes of MAGFARS are to automate the actions required of a fiscal office, to record fiscal transactions on the fiscal records and accounts, to accumulate results, and to prepare financial management reports. [Ref. 1] The values of fiscal transactions are accumulated in special areas on a Master Job Order Number (MJON) file. [Ref. 12] These special areas include budget information, obligation and expense authorizations, actual obligations, expense and expenditures. Data accumulated in these areas are used to prepare all funds status and expense reports for the command and higher headquarters. [Ref. 13]

The data base is physically maintained at Force Automated Service Centers (FASC), located at the Force Service Support Groups, (FSSG's). The local command, by coordination with the FASC and the Consolidated Fiscal Accounting Officer, (CFAO) can retrieve information from the MAGFARS data base using the Mark IV retrieval system.

III. DATA ANALYSIS

A. THE SAMPLE

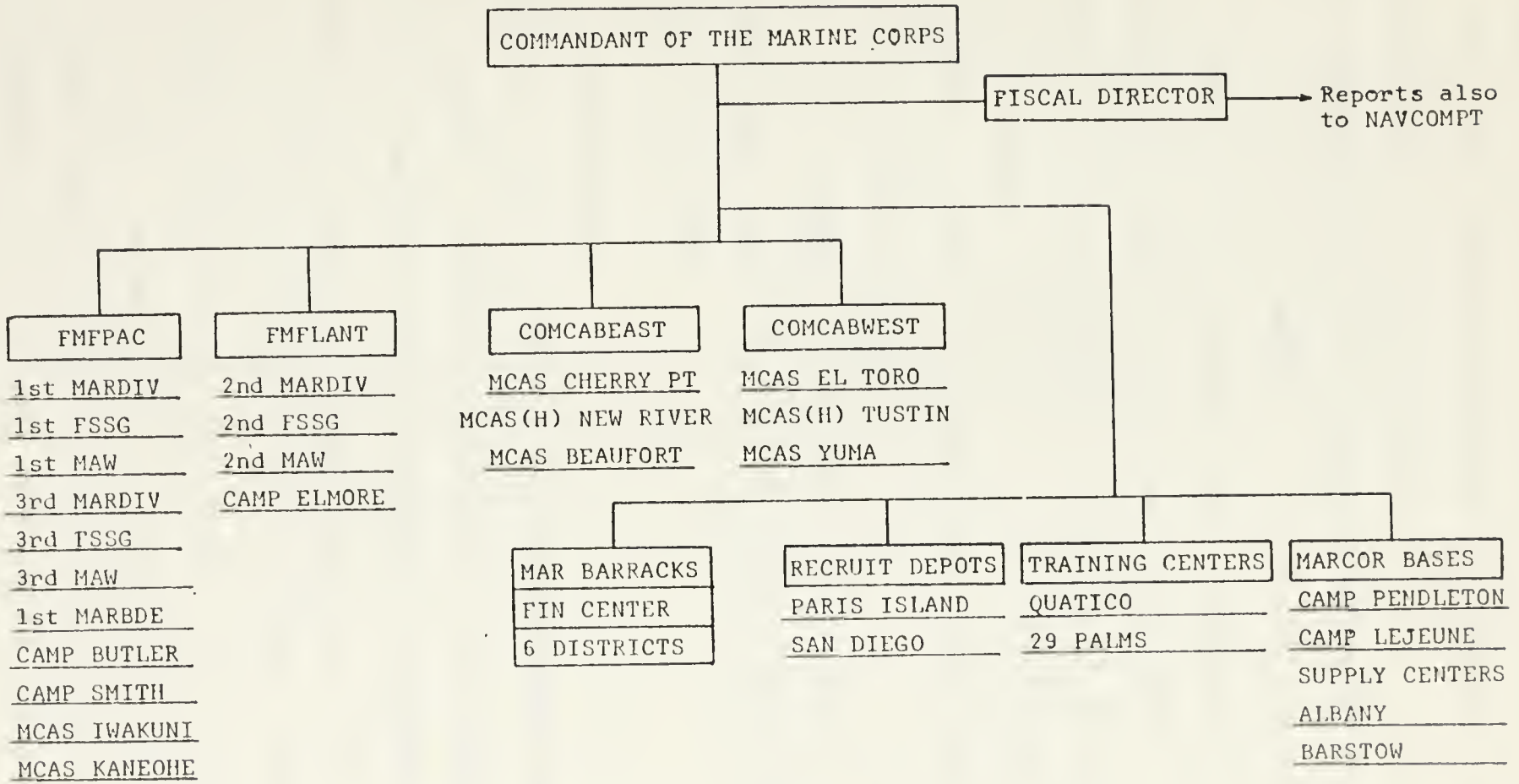
The general management structure within the Marine Corps has three levels. The top level, or headquarters level, corresponds to top level or corporate management of a private business firm. The middle level, FMFPAC, FMFLANT, COMCABEAST, or COMCABWEST, would correspond to divisional level management. The lowest level, or activity level, corresponds to plant or department level management. The focus of this thesis is the comptroller at the activity level.

Table 1 shows the major activities within the Marine Corps. A number of these activities were not included in the study as they do not have comptrollers, but fiscal officers, due to their limited size or scope of activity. They consist of the six districts, the Finance Center at Kansas City, Henderson Hall, and the Marine Barracks at Eighth and I in Washington, D.C. The reserve commands were also excluded from this study because the reserves receive a separate O&M appropriation, among other unique features. A separate study for the reserves could be justified since these activities were not included within the scope of this thesis.

The remaining twenty-seven activities consisting of bases and stations, recruit depots, FMF units, and education and logistics bases are the object of this thesis and are underlined in the chart. Of the twenty-seven activity comptrollers who received the questionnaires twenty-one responded, for a 78% response rate. For the analysis the comptrollers

ORGANIZATION OF THE MARINE CORPS

TABLE 1



were divided into three groups, according to the mission of their activity. The groups are bases and stations, land forces, and tactical air forces. The first grouping includes the logistics and recruit bases, and educational and training centers.

In these twenty-seven activities, there is one unique organization, the First Marine Brigade (1st MARBDE). It is the only unit which is permanently organized as an air-ground team. Therefore, the comptroller is the only one managing both air and ground units' financial assets.

This chapter will cover successively, the role of the comptroller, as seen by the respondents (question six of the questionnaire), and the financial information needs of the comptrollers. The financial information needs will be analyzed separately for each of the three groups listed above. The 1st MARBDE will be analyzed individually. The final section of this chapter summarizes the information needs of the comptrollers taken as one group.

B. ROLE OF THE COMPTROLLER

The comptrollers see themselves as the principal staff member for all financial matters. In describing their role, the respondents used the words financial advisor, financial manager, and resource manager. When describing their tasks they included the phrases making recommendations to the CO on financial matters, seeking economic alternatives when priorities change, coordinating the formulation of the financial plan to fulfill the CO's goals, and monitoring the execution of the budget. A secondary role described was educating the CO, other staff officers, and subordinate commanders as to the legal restrictions placed on the money allocated to the command.

As a group, these comptrollers are committed to the efficient and effective use of the allocated funds. This commitment is well expressed by the following statement taken from one of the questionnaires.

> "The comptroller, to a large extent, is the command conscience that is, integrity of financial management rests with him and his staff. No one is in a better position to observe how tax dollars are being spent and to influence their wise use."

This role goes beyond the role described in the NAVCOMPT Manual, in that the emphasis expressed here is more than just fulfilling the six functions of comptrollership described in chapter two.

This role is very similar in scope to that of a plant comptroller in a private business. It also fits the role of the comptroller described in the literature. Anthony, for instance describes the role of the comptroller in the following terms:

> "The controller is more than a chief accountant. The controller is responsible for the operation of all aspects of the management control system. The controller is management's principal advisor on management control matters and the principal interpreter of information flowing from the system..." [Ref. 14]

At the activity level the responsibility for the management control system is limited. However, this is due to the organizational level rather than to the military structure, and this is no different from the responsibility of the plant comptroller in a private business.

C. FINANCIAL INFORMATION NEEDS OF THE COMPTROLLER

1. Bases and Stations

This group consists of seventeen bases and stations. Twelve comptrollers responded to the questionnaire, for a 71% response rate. The average years of experience was 5 years. This group had the greatest range of educational backgrounds, as seven comptrollers had master's

degrees, one had a bachelor's degree, one had attended the Professional Military Comptrollership Course (PMCC) offered at Maxwell Air Force Base, one had an associate's degree, and the remainder had high school diplomas. Of the group, five had attended the Practical Comptrollership Course (PCC), given at the Naval Postgraduate School (NPS).

The first priority of these comptrollers was management reports that contained summary information about the performance versus the budget of the fund administrators*. The information identified as important was amounts authorized, amounts obligated, obligation rates, year-to-date expenses, and status of unfilled orders. The frequency of these reports ranged from weekly to monthly. The information was normally obtained by two methods: 1) by a manual update of the monthly Class I report, and 2) using a Class III report designed to retrieve the needed information. In some cases, the Class III report was called a command status of funds report, as differentiated from the Command Status of Funds report produced by the MAGFARS system.

The second most useful report listed was the performance report, Navy and Marine Corps (NAVMC) 10890. This report was usually identified as the source report for the summaries described above. This report was very detailed and the comptrollers agreed that it was too voluminous for daily or weekly use. However, the report was generally considered useful because the information needed on a day-to-day basis, could be extracted, and the extra details provided were useful when budget variances needed to be explained.

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*Fund Administrator, a designated organizational element to administer a specific segment of funds allocated to the activity. It may encompass more than one work center.

Areas of special interest listed by this group in order of priority were civilian labor, reimbursables, and liquidation of temporary additional duty (TAD) orders. Manual extraction and manipulation of data was required in order to obtain the relevant information to manage these areas.

When asked if special analysis was performed, all the comptrollers responded yes. The most frequently identified area was utilities, and the next most frequently mentioned area was civilian labor. The categories used for analysis of civilian labor included regular pay, overtime, holiday, direct, and reimbursable pay. It is interesting to note that civilian labor was the area most frequently identified as needing mechanized support, specifically mechanization of the NAVMC 10256 Labor Expense Report. The respondents, generally, had requested this report for inclusion in SABRS. Other areas in which some analysis was conducted were TAD, reimbursables, validation and status of unfilled orders (UFO's), and projected obligations at the current rate for the remainder of the fiscal year. Areas mentioned where increased analysis capability was desired were civilian labor and reimbursables.

2. Land Forces

This group was composed of three Marine Divisions (MARDIV's), and three Force Service Support Groups (FSSG's). All of the comptrollers from these commands responded to the questionnaire. The average experience of the group, 5.6 years, was largely influenced by one comptroller who had 22 years experience. Without this individual the average years of experience was 2.4 years. The group was well educated. Three comptrollers had master's degrees, two had bachelor's degrees, and one had

an associate's degree. Four of the six had attended the PCC at NPS, and one had attended the PMCC at Maxwell AFB.

These comptrollers generally used summary information on the performance versus budget of the fund administrators. The summary information included obligations, obligation rates, expenses and available balances, and was therefore very similar to that used by the base comptrollers. This summary information was obtained from a Class III report, a command status of funds report (different from the MAGFARS Command Status of Funds Report), that contained this information, or a manual summation of the performance statement, NAVMC 10890.

The FSSG's are concerned with the status of UFO's and used additional information to validate them. Without this validation the comptrollers could not know their unexpended obligations and available remaining balances.

The 1st and 3rd MARDIV's and 1st and 3rd FSSG's differ from the 2nd MARDIV and 2nd FSSG because of the priorities set by the respective Fleet Marine Force (FMF) Commanding Generals (CG). The 1st and 3rd MARDIV and 1st and 3rd FSSG comptrollers are required by the CG of FMFPAC to satisfy all equipment deficiencies. This means that if equipment is required for these units to fulfill their mission, the comptroller must provide enough money to purchase the equipment, thereby eliminating the deficiencies. FMFLANT CG does not impose this constraint on the 2nd MARDIV or the 2nd FSSG.

Concerning the question of special management interest, the areas listed by these comptrollers in order of importance were deficiencies, reimbursables, and TAD.

All respondents made their own spread sheet, chart, or summaries for analysis. The items on which analysis was being conducted were deficiencies, TAD, and reimbursables. Areas where increased analysis capability was desired were in order of preference, projected obligations at the current rate for the remainder of the fiscal year, and deficiencies.

3. Tactical Air

Questionnaire responses were received from two of the three tactical air wing comptrollers. Their average experience was 5.5 years. One wing comptroller had a college degree, the other had an MBA, and both had attended the PCC at NPS.

Both of these comptrollers used a form of the command status of funds report as the primary or secondary management tool. The information contained in the report was similar to the information used by the other two groups of comptrollers Additionally, one of the comptrollers made a local Class III management report used for determining exercise costs.

Both comptrollers prepared graphs of the percent of funds obligated by fund administrators. One comptroller obtained the information from the MAGFARS Status of Funds Report, the other obtained the information from the operating target reports submitted by the fund administrators.

In answering the question concerning areas of special management interest, these two comptrollers mentioned the same item. Projected obligations at the current rate for the remainder of the fiscal year, was their priority.

The two areas listed by these comptrollers in which they did analysis were TAD and projected obligations at the current rate for the remainder of the fiscal year.

These two comptrollers did not agree on the adequacy of the management information supplied by the MAGFARS system. One thought was that the system generally worked well and that the information provided was adequate, while the other indicated a need for additional data to manage TAD and exercise cost. The locations of these comptrollers, one being Okinawa, Japan and the other in Cherry Point, North Carolina, could explain this difference. The comptroller in Japan had to be concerned with more unit deployments, i.e., more TAD and a more diverse exercise schedule. However, since only two comptrollers responded, some caution is needed to avoid overstating this difference.

4. First Marine Brigade

This comptroller had eleven years experience, an MBA, and had attended the PCC at NPS. Having to manage the financial assets of both aviation and ground units may have created a workload problem for this comptroller. Specifically identified as an area of concern was the workload involved in processing fund authorization letters, every time changes occurred in the funding level during the year. (This requirement is not unique to this comptroller but is a higher priority for him.)

In general, the management information used by this comptroller was the same as that used by the groups already discussed. His areas of special interest were liquidation of TAD, and projected obligations at the current rate for the remainder of the fiscal year.

He expressed the need for additional analysis capability on material deficiencies. He saw a need for an additional report on obligations and expenses by decision units.

D. SUMMARY

The average experience level of the respondents was 5.5 years. This average was influenced, as previously mentioned, by one comptroller with 22 years experience. Without this individual, the average was 4.7 years. The education level of this group was high as 85% had bachelor's degrees and 60% had master's degrees. 67% had some professional training, either the PCC or PMCC.

The information used by all four groups described above was very similar, and consisted of obligations, obligation rates, expenses, available balances, and status of unfilled orders. Why this information was used by all can be explained by two related reasons. One was the incentive, or rather disincentive of the Revised Statute 3679 (RS 3679). This law provides for legal action that can be taken against comptrollers that over-obligate funds allocated to their activity. This explains partly the high level of activity spent on manually verifying the accounting data. The second reason was the time constraint imposed by the single year appropriation in conjunction with the changing fiscal constraints and increasing level of operations. The legal restriction and the time constraint demand accurate and timely data. This forced the comptrollers to expend a disproportionate amount of time and energy insuring the accuracy of the data, when their time should be spent analyzing and interpreting data for the CO.

The analysis of the data for the activity comptrollers shows they use budget information about the fund administrator's actual results compared to the adjusted annual plan. The adjusted annual plan is the annual plan adjusted to coincide with the allocations received from higher authority.

As a group, they listed the following areas (in order of priority) as areas of special interest: deficiencies, TAD, projected obligations at the current rate for the remainder of the fiscal year, reimbursables, and civilian labor.

The management areas in which analysis was conducted were TAD, reimbursables, and deficiencies. Increased analysis capability was desired in order of preference for civilian labor, projected obligations at the current rate for the remainder of the fiscal year, reimbursables, and TAD.

There was a general agreement that the present system provided the essential information needed by the comptrollers. It was not possible to decide whether the system provided for all the management information needs or whether the comptrollers had adjusted their management technique to the information made available by the system.

IV. SABRS

A. INTRODUCTION

This chapter first describes the background and concept underlying SABRS. A brief discussion of the various SABRS functions follows, emphasizing the special financial functions and their importance to the comptroller. Finally, the possible impact that SABRS will have on the comptrollers and the comptroller's departments will be analyzed.

B. BACKGROUND

SABRS is to be a complete financial management system that will be used by all Marine Corps activities for accounting, budgeting and management of financial resources. SABRS was approved as a concept by the Chief of Staff of the Marine Corps on 15 August 1978. The Automated Data Systems Development Plan was approved on 19 May 1981. The General Design Document was dated 11 January 1982 and revised 19 March 1982. [Ref. 15] The SABRS Detailed Systems Design was published 31 May 1982 and is the source document for this information. SABRS is scheduled to be operational 1 October 1984. [Ref. 16] The detailed design document communicates to the ultimate system users the on-going analysis of SABRS and continues the definition of interfaces to be used and the facilities to be used for accomplishing the interfaces.

The Fiscal Director of the Marine Corps is the functional manager, and the system sponsor is the accounting division in the Fiscal Director's branch. SABRS will replace the PRIME accounting system used by the bases and stations, the MAGFARS system used by the operating

forces, as well as other systems such as the budget system and the allotment accounting systems. [Ref. 17]

The current standard accounting and budgeting principles will be retained under SABRS and all GAO requirements will be met. The system will be supported by 7 of the 8 regional automated service centers. Terminals located at the activities will be used to communicate via the Marine Corps Data Network (MCDN), with the automated service centers in order to update the SABRS database.

One of the primary objectives of SABRS is to reduce the volume of memorandum records. [Ref. 18] SABRS will maintain an on-line record for each user labeled "Memorandum Balances". This unofficial balance of funds will be available for the user and will reflect the balance of funds available as of the last transaction entered.

C. CONCEPT

The concept is that of a single financial management system for Marine Corps users to replace existing systems. The structure of SABRS includes a general ledger, SABRS chart of accounts and several subsidiary ledgers.

SABRS has used the DoD Uniform Chart of Accounts as the basic document in developing the SABRS general ledger. This will provide a uniform accounting structure for classifying all financial transactions. Since the DoD Uniform Chart of Accounts prescribes only control accounts, the SABRS single general ledger includes subsidiary accounts to meet specific management needs. [Ref. 19] These needs, which include accrual basis accounting, financial property accounting (depreciation), and the capability to account for expenses by object class, will be met.

The SABRS Charts of Accounts consists of approximately eight hundred control subsidiary accounts for all appropriations including the Marine Corps Stock Fund and Industrial Fund. The SABRS Chart of Accounts will be maintained at the headquarters and the field activity level. Under the SABRS Chart of Accounts all activities will maintain an operating budget (OPBUD) general ledger in place of the allotment general ledger.

The general ledger structure can be viewed as a pyramid with the large body of detailed transactions at the base, being aggregated into progressively higher levels of the general ledgers until the highest level, the Marine Corps Consolidated Single General Ledger, is reached. All detailed accounting transactions such as authorizations, commitments, obligations, and expenses will be recorded in the various SABRS subsidiary ledgers. [Ref. 20]

A job order number (JON) will be used to accumulate costs within any appropriation or fund where cost accumulation is required. For each category of costs established in the Master JON record, dollar amounts can be accumulated for the current period, current month, quarter-to-date, and fiscal year-to-date. Major categories of costs, such as civilian labor, will require supporting detailed accumulations such as regular time, overtime, and premium rates. Each record will be constructed to provide information on amounts committed, obligated, expensed and expended.

SABRS will reduce memorandum record keeping by providing the memorandum balances ledger down to the fund administrator level. These memorandum balances will be processed interactively, by transaction, and will show dollar totals assigned to the FA. To assist managers in

daily decisions and to meet the responsibilities of financial management, several features have been included in the memorandum balance design. Depending on the personal management style of the individual comptroller, several options may be selected: [Ref. 21]

1. To be notified when the total OPBUD is exceeded. This will happen automatically and will occur regardless of whether the other options are chosen or not.

2. To be notified when a subdivision of the OPBUD has been exceeded by an interactively submitted transaction.

3. To "lock out" interactive transactions that would exceed authorized amounts.

The memorandum balances will be maintained for all appropriations and funds incorporated in SABRS. This should be particularly useful for financial managers with responsibilities for the O&MMC account.

D. FUNCTIONS

A top-down approach is used in formulating the overall system concepts and in further developing these concepts into a functioning system. The four basic functions that have been identified are data accumulation, data base update, special financial functions, and information production. Each of these functions will be briefly discussed. [Ref. 22]

1. Data Accumulation

Data may be gathered in three ways in SABRS. The first way is from some other data bases that are interfaced with SABRS. Some of the data bases are listed below:

ALPS	Automated Leave/Payroll System
DOV	Disbursing Officer Voucher

JUMPS/MMS Joint Uniform Military Pay System/Manpower Management System

IDA Integrated Disbursing and Accounting

DSSC Direct Support Stock Control System

SASSY Supported Activities Supply System

The second way is interactively from the terminals that will be located at the activities. It should be mentioned that if the "lock out" feature is used, this will stop those interactive transactions that exceed authorized amounts. This is the case for instance for the issuance of TAD orders, [Ref. 2] the awarding of contracts, or the issuing of supply items. However, some transactions will be processed even if the "lock out" feature is selected. Labor distribution entries will be processed as will some supply transactions that could have been made when the data base was not available and the material had already been issued.

The third way is through some off-line mode such as computer punch cards, or diskette.

2. Data Base Update

The data accumulated in the first function are processed by this function in order to update the data base as necessary for the special financial and information production functions.

3. Special Financial Functions

To support the management planning and control functions, a series of special processing procedures have been established. Some are listed below:

Year end closing

Reimbursable billing and collections

Statistical analysis

Forecasting

Modeling

Reconciliation

Unfilled orders reconciliation

The manager will be able to select the information as well as the appropriate procedure for analysis. For instance, the selection of utilities consumption with the forecasting procedure would allow the financial manager to predict when allotted utilities funds would be exhausted. The modeling procedure would allow the manager to ask "what if" questions and then to vary the model parameters to determine the sensitivity to critical factors. These special features would provide increased capability which the comptroller does not now have.

4. Information Production

This function is the one that is the most important to the user. The ease or difficulty of this process will largely determine the success or failure of the entire system. Generally, the information can be divided into mandatory and optional reports. Since the scope of this thesis is concerned with additional management reports, the mandatory reports which are automatically provided will not be discussed. Suffice it to say the SABRS will produce all reports currently required by Marine Corps Orders or other directives.

Optional reports are those reports of interest to most financial managers. The selection, production, and use of these reports is left up to the local manager. Examples include funds status request, document status, and reimbursable order status.

Ad hoc information inquiries deal with information that the local financial manager desires but is not built into the SABRS system. The user will use NATURAL [Ref. 23] (a data base inquiry language) to perform all ad hoc inquiries. Large inquiries will be entered interactively, but will be processed during the batch update. The user will be able to retrieve and/or to link together those data elements of interest to him. The user can also specify totals and other computations. This function is divided into subfunctions for both major claimant and OPBUD users. These subfunctions are further divided into parts, command (Comptroller, Budget, or Accounting), fund administrator, and work center levels.

E. SUMMARY

This chapter has described what SABRS will provide as the new financial management system. From chapter three the informational needs of the comptroller have been described. The question of SABRS meeting the managerial information needs of the comptroller can now be addressed.

As explained in chapter two the context in which the comptroller operates is the major determinate of the tasks they perform, and in turn these tasks determine the information they need. The necessity for accurate balances and the nature of the single year appropriation are the major factors in this context. They result in the majority of the comptroller's time being spent on insuring the data analyzed is as timely and accurate as possible.

SABRS should be able to bring substantial improvement over the current systems in the areas of more timely and accurate information, and greater flexibility in choice and analysis of information. All of

these improvements are contained within the concept of the memorandum balance ledger available down to the fund administrator level, the ad hoc retrieval capability, and the special financial functions. Labor savings will be produced in several areas: recording keeping, training personnel, reports production, and data analysis. This will give the comptrollers greater capabilities and more time to fulfill their role as they perceive it, that of financial advisor for the CO.

V. CONCLUSION

A. INTRODUCTION

This conclusion covers three topics. First the role of the comptroller will be described as seen by the comptrollers themselves and as presented by the NAVCOMPT Manual. Next, the information needs will be summarized and the two major variables that affect these information needs will be discussed. The final section describes the expected impact SABRS will have on the comptrollers.

B. ROLE OF THE COMPTROLLER

The NAVCOMPT Manual emphasizes the functions of comptrollership from the point of view of managing the comptroller's department. The role of the comptroller is only alluded to in the NAVCOMPT Manual in the concept of comptrollership. It emphasizes: a) the analysis and interpretation function over and above the pure recording function, b) the improvement of budget formulation and execution, and c) coordinating and integrating the functions of comptrollership. From the view expressed by the comptrollers, they see their role clearly as an advisor concerned with accomplishing the CO's goals as efficiently as possible and insuring the goals are met. This view goes beyond the NAVCOMPT Manual in that advising is more than just fulfilling these requirements. However, as stated in chapter three, comptrollers were spending a disproportionate amount of time on the recording and reporting function. The NAVCOMPT Manual is considered the minimum standard, and is therefore not a limitation that would prevent this broader view.

It should also be emphasized that the comptrollers and the NAVCOMPT Manual completely agree in that the comptroller is a staff officer and does not have line authority other than his own department.

C. INFORMATION NEEDS

It was discovered that the information needs of the comptrollers were determined largely by two major variables. One was the mission of the activity, the other was the years of experience of the comptroller. The first variable determined what information was needed and the management area to which it was applied. The second variable was related to the level of manual manipulation of the system (additional manual reports and analysis) performed by the comptrollers in order to improve the timeliness and accuracy of the information provided.

All of the comptrollers responding to the survey used very similar information. (See Table 2.) The information is not listed in any particular order. It is the information used to insure that the fund administrators comply with the annual plan, that funds are properly obligated, and that obligations do not exceed authorized amounts.

TABLE 2

INFORMATION USED BY ALL COMPTROLLERS

Authorization, by Quarter and Year to Date

Obligations and Obligation Rates

Expenses and Rate Change Impact

Available Balances

Unexpended Obligations

Validation and Status of Unfilled Orders

Information for Year End Closing and Reverted Balances

The main difference between comptrollers therefore was not in the information used, but in the ranking of the information in terms of importance. For example, for the FSSG comptrollers, the information concerning unfilled order validation had a higher priority than the information on civilian pay, while the latter had a very high priority for the base comptrollers. These differences in importance are not surprising as they reflect mainly the differences in the mission of the activities. They are described in more detail in Tables 3 and 4. The Special Interest Table (Table 3) shows the number of comptrollers that rated a specific management area as Special Interest. The management areas are listed down the left hand column. The groups of comptrollers are listed across the top. The numbers indicate the number of comptrollers in each group that rated that area as Special Interest. The numbers in parentheses at the bottom of each table are the total number of comptrollers in each group.

Table 3 shows that for the base comptrollers the areas of special interest were civilian pay, followed by TAD, and deficiencies. The areas of special interest for the land forces comptrollers were deficiencies and reimbursables followed by TAD. Projected obligation at current obligation rate and TAD were listed as special interest by comptrollers from each group.

Table 4 shows the areas for which the comptrollers indicated a need for increased analysis capability. It is presented in the same format as Table 3. Again, the bases listed civilian pay as the top priority. The land forces indicated projected obligation at current obligation rate followed by deficiencies as their priorities.

TABLE 3

SPECIAL INTEREST

	Total	Bases	Land Forces	Air	1st MARBDE
Reimbursables	10	5	5	0	0
TAD	12	6	4	1	1
Facilities Maintenance	5	5	0	0	0
Civilian Labor	10	9	1	0	0
Deficiencies	12	6	5	1	0
FA Management Report	6	5	0	1	0
Summary of UFO	8	5	3	0	0
Projected Cost of Current Rate	6	4	1	1	0
Remaining FY Cost Impact Rate of Adjustment	7	3	3	1	0
Projected Obli. At Current Obli. Rate	11	5	3	2	1
	(21)	(12)	(6)	(2)	(1)

In viewing Table 3 and Table 4 together, it is seen that the comptrollers' needs cover the full spectrum of their activity, and also shows their diverse needs at this level.

The other variable, years of experience, determined the extent of manual report preparation. Of the twenty-one responses, nineteen completed the background information in the questionnaire. Upon inspection

TABLE 4

INCREASED ANALYSIS CAPABILITY

	Total	Bases	Land Forces	Air	1st MARBDE
Reimbursables	7	6	0	1	0
TAD	7	5	0	2	0
Facilities Maintenance	6	5	1	0	0
Civilian Labor	9	8	1	0	0
Deficiencies	6	2	3	0	1
FA Management Report	6	5	1	0	0
Summary of UFO	6	4	1	1	0
Projected Cost of Current Rate	4	3	1	0	0
Remaining FY Cost Impact Rate of Adjustment	4	3	1	0	0
Projected Obli. At Current Obli. Rate	9	5	4	0	0
	(21)	(12)	(6)	(2)	(1)

of the years experience in financial management, the comptrollers fell into three groups. The first group comprised nine comptrollers with three years or less experience. The second group, the middle experience level group had seven comptrollers who had four to eight years experience. The third group was highly experienced, and had three comptrollers with nine or more years experience.

In addition to the information contained in the questionnaires, insight was gained on these groups while attending Headquarters Marine Corps Budget Conference during a two week period in January, 1983.

In the low experience group the average experience was 1.7 years. This group was highly trained and educated, all had bachelor's degrees, seven had master's degrees, and eight had attended the PCC. This group was less satisfied with the adequacy of the Class I systems. This was demonstrated by the extensive use of manual reports and records maintained to verify their accounts.

The high experience group averaged more than fifteen years of experience. Only one had a bachelor's degree and one had attended the PMCC. Although none had attended the PCC, one of these comptrollers was frequently used as an instructor for this course. This group was more satisfied with the Class I systems than the two other groups. Their view was that the Class I systems were basically adequate.

The middle experience level group averaged six years of experience. Five of these comptrollers had a master's degree. Overall, the training level was much lower than in the low experience group as only one has attended the PCC. This group did not display clear characteristics as the other two groups did.

When asked if there was any additional information that was needed, the comptrollers as a group consistently answered no. All comptrollers agreed that for normal day to day operations, the information needed was in the Class I data base.

D. SABRS

SABRS will address many areas of concern that were mentioned by the comptrollers. The areas expected to be addressed by SABRS are commitments, civilian pay, and reimbursables. The SABRS memorandum balance ledger and the ad hoc retrieval capability will greatly enhance the analysis capability of the comptrollers.

There are some areas that were identified as areas of concern, such as TAD management, that have not specifically been mentioned in the SABRS Design Document. Those areas identified as concern or requiring additional analysis capability in chapter three, and displayed in Table 4, should be evaluated for possible inclusion in the new system by the SABRS design team.

Even though SABRS will be a significant improvement for the comptrollers in analyzing more accurate and timely information, it should be viewed as the first evolutionary step in increasing the capability for the financial managers, and not the final step.

It is expected that with SABRS the capabilities of the financial managers will improve. This should result in more time for the comptrollers to concentrate on efficiency and effectiveness instead of insuring the accuracy of the data.

Along these lines the questions that need to be examined are: Should internal review be used to audit specifically for efficiency, or effectiveness, i.e., how to blend these two conflicting goals? What are the limits of the comptrollers in making recommendations to other staff officers in the areas of efficient operations, i.e., where is the staff/line boundary?

Comptrollership in any business is an evolutionary and a dynamic profession. In order for this profession to continue making progress, these questions must be answered.

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APPENDIX A

THE QUESTIONNAIRE

Purpose: To identify the information that the accounting system should provide to help comptrollers in making their management decisions.

Background: Reports are usually generated and submitted to higher headquarters to fill the fiduciary or legal requirements of CMC. The information needed to make sound management decisions at the field level is usually not in the form required by these external reports. Internal management information may cross program or cost code lines.

The objective of this questionnaire is to identify information that is common to comptrollers that could be useful for this internal management function. All information requested will pertain to O&M funds.

The questionnaire is long and will take approximately two hours to complete. Because of the importance of the problem it addresses, please take the time to complete it as best you can. With your full cooperation in filling it out, it will be possible to clearly map out your informational needs and to initiate recommended changes.

Question 1

A. Rank the existing management reports in order of importance from best to worst. Use the number 1 for the report you think is the best. (By best, I mean the report that you use most for making management decisions.) Use 2 for the next most useful report, and so on.

If there is an existing report that you use for making management decisions that is not listed, add it at the bottom of the list and include it in your ranking. If you rate two or more reports equally, you can assign them the same number. If you have no knowledge of, or do not use some of the reports, then do not rank them.

Please use all the space you need, and write on the back or attach additional pages as necessary.

A. Performance Statement (NAVMC 10890) _____
B. Facility Maintenance Management Report _____
C. Fund Administrator's Management Report _____
D. Fund Administrator Status Report _____
E. Unfilled Order Status Report _____
F. Reimbursable Orders Report _____
G. Others (Please specify the report).

_____

_____

_____

H. None _____

B. Please explain why the report you ranked number one is the most useful for you (easy to fill out, understandable, timely, accurate)?

C. What information do you use from this report and what decision does this information help you make?

D. Please explain why the report you ranked last is the least useful report for you (difficult to fill out, hard to understand, untimely, inaccurate, etc.)

Question 2

A. Do you have locally prepared reports (automated or manual that you use in making local management decisions?

YES NO (circle one)

If NO go to question 3.

B. If YES, name the report(s) that you prepare locally when making local management decisions.

C. What are these reports used for?

D. Who receives the reports?

E. How frequently do you prepare the reports?

F. What needs are these reports filling?

Please attach a copy of the reports.

Question 3

If you do not have currently any locally prepared reports, do you see a need for such reports?

YES NO (circle one)

If you have locally prepared reports, do you see a need for additional reports?

YES NO (circle one)

If you answered NO to both questions, go to question 4.

A. If you answered YES, briefly explain the management questions each report would answer. Provide for each a projected format and/or describe the information the report would contain.

B. Who would receive the reports?

C. How frequently would you prepare the reports?

D. Which of these reports should be available in SABRS? (Please explain).

Question 4

Do you locally prepare any other type of summary, spread sheet, chart, etc. for information or analysis?

YES NO (circle one)

If NO go to question 5.

A. If YES, please describe each type of analysis you do.

Please answer the following questions about each type of analysis listed above.

B. What is the frequency;

once a month _____
once every two weeks _____
once a week _____
twice a week _____
once a day _____
other _____

C. What is the purpose of this analysis?

D. What data are needed for the analysis?

E. From which reports do you get the data?

F. Which of these reports should be available in SABRS? (Please explain).

Question 5

Below are listed several areas that can be of special management interest. If an area is of special management interest to you and is not in the list, please add it to the bottom of the list and provide a brief explanation.

A. If one or more of the areas named below is of special management interest for you, put an X beside the area name in the column labeled Special Interest.

B. If you already do some type of analysis in any of these areas, put an X beside the area name in the column labeled Some Analysis.

C. If you would like to be able to do more analysis in an area, put an X beside the area name in the column labeled Analysis Capability.

	Special Interest	Some Analysis	Analysis Capability
Reimbursables			
TAD			
Facilities Maintenance			
Civilian Labor			
Deficiencies			
Fund Administrators Management Report			
Summary of UFO Status			
Projected cost of current rate			
Remaining FY cost impact rate of adjustment			
Projected obligation at current obl. rate			

Question 6

Describe in your own words how you see your role as comptroller?

Final Comments

Thank you for your help!! If you have any other comments or if there is any question I should have asked but did not, please tell me. Your comments and suggestions will be greatly appreciated and will help make your job easier in the future.

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